

Message Text

UNCLASSIFIED

PAGE 01 BERN 02872 230931Z

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 /101 W
-----054877 231256Z /43

R 230831Z JUN 77

FM AMEMBASSY BERN

TO SECSTATE WASHDC 4533

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

UNCLAS BERN 2872

USEEC, USOECD

EO 11652: NA

TAGS: EFIN SZ

SUBJ: SWISS TAX HARMONIZATION LAW

REF: BERN 2690

1. SUMMARY: SWISS VOTERS JUN 12 APPROVED NEW CONSTITUTIONAL ARTICLE PROVIDING FOR HARMONIZATION OF FEDERAL, CANTONAL AND MUNICIPAL LAWS GOVERNING DIRECT TAXES. ARTICLE EMPLOWS CONFEDERATION TO DEVELOP BASIC LAW WHICH WILL STANDARDIZE TAX RULES, BUT LOCAL JURISDICTIONS RETAIN POWER TO APPLY DIFFERING TAX RATES. ARTICLE WAS APPROVED BY 1,133,542 VOTES IN FAVOR TO 715,136 VOTES AGAINST. IT ALSO RECEIVED APPROVAL BY MAJORITY OF CANTONS WITH 16 AND 3 HALF CANTONS IN FAVOR WHILE 3 AND 3 HALF CANTONS WERE OPPOSED. END SUMMARY.

2. NEW CONSTITUTIONAL ARTICLE PROVIDES FOR CONFEDERATION TO WORK IN COORDINATION WITH CANTONS TO HARMONIZE DIRECT FEDERAL, CANTONAL, AND MUNICIPAL TAXES BY DEVELOPING BASIC FEDERAL LAW ON WHICH CANTONS AND MUNICIPALITIES WILL BASE THEIR OWN RULES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BERN 02872 230931Z

GOVERNING TAX OBLIGATION, LIABILITY, TAX PERIODS, PROCEDURES AND PENALTIES. HOWEVER, CANTONS RETAIN AUTHORITY TO DRAW UP THEIR OWN TAX SCHEDULES, RATES AND EXEMPTIONS. CONFEDERATION MUST TAKE INTO CONSIDERATION EFFORTS AT TAX HARMONIZATION TAKEN BY CANTONS AND MUNICIPALITIES. CANTONS ARE TO HAVE ADEQUATE PERIOD TO ADJUST THEIR TAX LAWS. CANTONS WILL ALSO PARTICIPATE IN DRAWING UP FEDERAL LAW.

3. HARMONIZATION IS VIEWED AS FORMAL RATHER THAN MATERIAL ALIGNMENT OF TAX LAWS, SUCH AS STANDARDIZATION OF TAX TERMS TO BE USED IN ALL JURISDICTIONS.

MOST PREPARATORY WORK HAS BEEN COMPLETED AND FEDERAL COUNCIL IS EXPECTED TO SEND DRAFT LAW TO PARLIAMENT WITHIN FEW MONTHS. HARMONIZATION IS EXPECTED TO FACILITATE SYSTEM OF FEDERAL SUBSIDIES TO CANTONS. DESIRABILITY OF HARMONIZING TAX RATES AND EXEMPTIONS IS ALSO EXPECTED TO BECOME CLEAR ONCE THESE FORMAL MEASURES ARE TAKEN TO STANDARDIZE PRACTICES AND PROCEDURES.

4. HARMONIZATION IS RECOGNIZED AS IMPORTANT STEP IN BRINGING STANDARDIZATION TO DIFFERING SYSTEMS OF TAX RULES IN 26 CANTONS AND 3,000 MUNICIPALITIES. SOME CANTONS RULE THAT LIABILITY BEGINS UPON ARRIVAL OF FOREIGNER INTO JURISDICTION WHILE OTHERS PROVIDE FOR DELAY OF 3-6 MONTHS. DIFFERENCES ALSO INVOLVE DEFINITION OF INCOME. SOME JURISDICTIONS EXEMPT INCOME FROM RETIREMENT FUNDS AND HEALTH BENEFITS WHILE OTHERS DO NOT. DIFFERENCES EXIST REGARDING TAX YEARS. SOME JURISDICTIONS REQUIRE FILING OF TAX RETURNS ANNUALLY OR BI-ANNUALLY DEPENDING ON WHETHER INDIVIDUAL OR CORPORATION IS INVOLVED.

5. TAX RATES WILL CONTINUE TO VARY ACCORDING TO JURISDICTION, BECAUSE OF POLITICAL AND ECONOMIC INTERESTS CONCERNED. CANTONS

UNCLASSIFIED

PAGE 03 BERN 02872 230931Z

WISH TO RETAIN THEIR SOVEREIGNTY IN THIS REGARD TO MEET THEIR DIFFERENT POLITICAL OBJECTIVES AND FINANCIAL BURDENS. HOWEVER, THERE IS EXPECTED TO BE LESS DISPARITY OF TAX RATES BETWEEN JURISDICTIONS. WHILE HARMONIZATION WILL APPLY TO INCOME TAXES, IT WILL NOT AFFECT INDIRECT TAXES, INHERITANCE TAXES OR TAXES ON AUTOMOBILES.

DAVIS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, CONSTITUTIONAL AMENDMENTS, POPULAR SUPPORT
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BERN02872
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770224-0787
Format: TEL
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770625/aaaaavgp.tel
Line Count: 101
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 20f3ce77-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BERN 2690
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2051856
Secure: OPEN
Status: NATIVE
Subject: SWISS TAX HARMONIZATION LAW
TAGS: EFIN, SZ
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/20f3ce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009